

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**



**FILED**

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Order Instituting Rulemaking to Establish  
the California Institute for Climate  
Solutions.

Rulemaking 07-09-008  
(Filed September 20, 2007)

**POST-WORKSHOP COMMENTS OF  
MERCED IRRIGATION DISTRICT  
AND MODESTO IRRIGATION DISTRICT**

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January 7, 2008

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In accordance with the Administrative Law Judge's December 28, 2007 Ruling Inviting Workshop Comments, Merced Irrigation District (Merced ID) and Modesto Irrigation District (Modesto ID, collectively the Districts) file these Post-Workshop Comments.

***1. Introduction and Summary of Position.***

As noted in their November 19, 2007 Reply Comments, the Districts agree with the California Public Utilities Commission (Commission or CPUC) that climate change is a critical environmental challenge. Merced ID and Modesto ID are committed to working toward reducing greenhouse gas (GHG) emissions and are active participants in the pending CPUC, California Energy Commission (CEC) and California Air Resources Board (CARB) GHG-related proceedings. With respect to the proposed California Institute for Climate Solutions (CICS), the Districts' primary concerns are that (1) the work of the CICS not duplicate other climate change efforts that have been or currently are being funded or performed by other entities or through other programs, and (2) representatives of all those who contribute to the funding of the CICS participate in its governance.

***2. The CICS Should Not Duplicate Other Climate Change Work.***

The Districts attended the December 12, 2007 Public Workshop on the University of California's Proposal for the CICS. Workshop participants presented thoughtful, meaningful input regarding the CICS proposal, and the Districts appreciate the Commission providing the opportunity for such input. Like a number of parties who spoke at the Workshop, the Districts are primarily concerned that climate change work undertaken by CICS not duplicate work that

has been or already is being funded or performed by other entities or through other programs. For example, the CEC, through the Public Interest Energy Research Program, has sponsored and continues to sponsor several research and development programs focusing on climate change and GHG.

The Districts urge the Commission to undertake a detailed inventory of existing GHG reduction programs, on its own or as requested in the Motion of the Joint Parties for an Inventory of All Utility Ratepayer Funded Programs and All GHG Reduction Programs for the Electricity and Natural Gas Sectors (filed December 11, 2007), and use the results of that inventory to ensure money is not spent twice for the same work.

### ***3. All Funding Sources Should Have a Role in the Governance of the CICS.***

It is imperative that the governing board or other entity responsible for managing the CICS include representatives of all who contribute to funding the CICS. The CICS governance structure presented at the workshop provided for a governing board co-chaired by the President of the University of California and the President of the CPUC. The California State University would also have a representative on the governing board. To the extent funding for the CICS is derived only from ratepayers of the investor owned utilities, this approach may make sense. However, a number of parties, including Commission President Peevey, have expressed interest in a more inclusive approach to funding, such as a broad based taxpayer approach.<sup>1</sup>

If legislation ultimately authorizes such broad based taxpayer funding, the governance structure of the CICS should ensure all funding sources have a voice on the governing board. Accordingly, the Districts recommend that the leadership of the governing board be expanded if broad based taxpayer funding is authorized to ensure that the interests of those who are not investor owned utility ratepayers are properly represented. The Districts recommend that this concept – a CICS governing board that represents all funding sources – apply to whatever approach to funding the CICS is ultimately adopted.

Additionally, given CARB's statutorily defined role in implementing the California Global Warming Solutions Act of 2006 (AB 32), the Districts recommend including a

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<sup>1</sup> Parties correctly recognize that, absent legislation, the Commission may not impose the costs of CICS on customers of publicly owned utilities. (*See, e.g.,* Opening Comments of PG&E(U 39 E) on Proposed Institute for climate Solutions, p. 7; Comments of Morrison & Foerster LLP, p. 6; Opening Comments of the division of Ratepayer Advocates on the Rulemaking to Establish the California Institute for Climate Solutions, p. 9.)

representative of CARB on the CICS governing board, regardless of whether funding is eventually expanded beyond investor owned utility ratepayers.

**4. Conclusion.**

The Districts appreciate the Commission's consideration of these comments and ask that they be incorporated into any decision or order authorizing the proposed CICS.

DATED: January 7, 2008

DAY CARTER & MURPHY LLP

By: /s/ Ann L. Trowbridge  
Ann L. Trowbridge

## **CERTIFICATE OF SERVICE**

I, Paula S. Hefley, hereby certify that I served a copy of the Post-Workshop Comments of Merced Irrigation District and Modesto Irrigation District on January 7, 2008, on all known parties to Service Lists for R.07-09-008 via electronic mail to those whose addresses are available and via U.S. mail to those who do not have an electronic address.

I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

Executed on this 7th day of January, 2008, at Sacramento, California.

/s/ Paula S. Hefley

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PAULA S. HEFLEY

### **VIA ELECTRONIC MAIL:**

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